



REDACTED – FOR PUBLIC INSPECTION

**VIA ECFS**

June 30, 2017

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12th Street, SW  
Room TW-A325  
Washington, DC 20554

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**RE: Moapa Valley Telephone Company, SAC 552353  
Submission of FCC Form 481 Annual Report  
WC Docket No. 14-58 – ETC Annual Reports and Certifications**

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Moapa Valley Telephone Company (“the Company”), Study Area Code 552353, hereby files its FCC Form 481 – Carrier Annual Reporting Data Collection Form. *The version of the Company’s FCC Form 481 submitted via the FCC’s Electronic Comment Filing System (ECFS) is a redacted version of the filing that contains no confidential information.*

Section 3005 of FCC Form 481 requires privately-held rate-of-return carriers receiving high cost support to attach a full and complete annual report of the company’s financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Moapa Valley Telephone Company, by its authorized representative, hereby seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58.<sup>1</sup> The *Protective Order* specifically covers the information required by 47 C.F.R. §54.313(f)(2).

Moapa Valley Telephone Company is providing to the Office of the Secretary, under seal, this cover letter and the FCC Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

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T (972) 387-4300  
F (972) 960-2810

8750 N. Central Expressway  
Suite 300  
Dallas, TX 75231

Assurance, tax, and consulting offered through  
Moss Adams LLP. Wealth management offered through  
Moss Adams Wealth Advisors LLC. Investment banking  
offered through Moss Adams Capital LLC.

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<sup>1</sup> *Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 10-90 and 14-58, Protective Order, 31 FCC Rcd 2089 (2016).

Each page of the Company's financial annual report and the financial summary page on the FCC Form 481 bear the legend, "CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

In the filing submitted via the ECFS, all pages containing confidential information bear the legend "REDACTED – FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

The FCC Form 481 has also been filed with the Universal Service Administrative Company and with the relevant state commissions and Tribal governments, as appropriate.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart Polikoff". The signature is fluid and cursive, with the first name "Stuart" and last name "Polikoff" clearly distinguishable.

Stuart Polikoff  
Authorized Representative for  
Moapa Valley Telephone Company

SP/ag

cc: Bradley Lyon, Moapa Valley Telephone Company

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	552353
<015>	Study Area Name	MOAPA VALLEY TEL CO.
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Larry Neil
<035>	Contact Telephone Number: Number of the person identified in data line <030>	7023972231 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	larry@mvtel.com
	Form Type	54.313 and 54.422

**(200) Service Outage Reporting (Voice)**  
**Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvтел.com

<210> For the prior calendar year, were there any reportable voice service outages? No

[illegible]

**(300) Unfulfilled Service Request  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	552353
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<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvtel.com

&lt;300&gt; Unfulfilled service request (voice)

0

&lt;310&gt; Detail on attempts (voice)

Name of Attached Document

&lt;320&gt; Unfulfilled service request (broadband)

0

&lt;330&gt; Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	552353
<015>	Study Area Name	MOAPA VALLEY TEL CO.
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Larry Neil
<035>	Contact Telephone Number - Number of person identified in data line <030>	7023972231 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvtel.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

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<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Larry Neil
<035>	Contact Telephone Number - Number of person identified in data line <030>	7023972231 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvtel.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
552353nv510 .pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

<b>(600) Functionality in Emergency Situations</b>		FCC Form 481
<b>Data Collection Form</b>		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvtel.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	552353nv610.pdf

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<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvtel.com

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	13.35

-- See attached worksheet

<010>	Study Area Code	552353
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[illegible]

**(800) Operating Companies  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<035>	Contact Telephone Number - Number of person identified in data line <030>	7023972231 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	<a href="mailto:larry@mvtel.com">larry@mvtel.com</a>
<810>	Reporting Carrier	Moapa Valley Telephone Company
<811>	Holding Company	Moapa Valley Telecommunications, Inc.
<812>	Operating Company	Moapa Valley Telephone Company

[illegible]

**(900) Tribal Lands Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvtel.com

 <900> Does the filing entity offer tribal land services? (Y/N) Yes

&lt;910&gt; Tribal Land(s) on which ETC Serves

Moapa Band of Paiutes

&lt;920&gt; Tribal Government Engagement Obligation

552353nv920.pdf

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable
Yes
<div style="background-color: #cccccc; height: 15px;"></div>
Yes
Yes
Yes
Yes
Yes
Yes
Yes

**(1000) Voice and Broadband Service Rate Comparability  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvitel.com

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 552353nv1010.pdf

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Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance 552353nv1030.pdf

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Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvtel.com

&lt;1100&gt; Certify whether terrestrial backhaul options exist (Y/N)

Yes

&lt;1130&gt; Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

**(1200) Terms and Condition for Lifeline Customers**  
**Lifeline**  
**Data Collection Form**

FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvtel.com

552353nv1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- |        |   |                                     |
|--------|---|-------------------------------------|
| <1221> | Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> | Details on the number of minutes provided as part of the plan,  | <input checked="" type="checkbox"/> |
| <1223> | Additional charges for toll calls, and rates for each such plan.  | <input checked="" type="checkbox"/> |

**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

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Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing  
Required Information

Name of Attached Document Listing  
Required Information

**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

&lt;2016&gt; Certification support used to build broadband

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

&lt;2017A&gt; Connect America Fund Phase II recipient?

&lt;2017C&gt; Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

&lt;2018&gt; Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing  
Required Information

&lt;2019&gt; Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

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Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

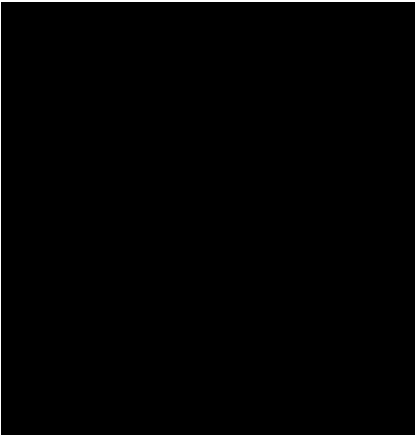
(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		
		Yes - Attach Certification	
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}		
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	552353nv3010.pdf
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:			
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input checked="" type="checkbox"/>
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	552353nv3026.pdf

<b>(3005) Rate Of Return Carrier Additional Documentation (Continued)</b>	FCC Form 481
<b>Data Collection Form</b>	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvtel.com

Financial Data Summary

- (3027) Revenue
- (3028) Operating Expenses
- (3029) Net Income
- (3030) Telephone Plant In Service(TPIS)
- (3031) Total Assets
- (3032) Total Debt
- (3033) Total Equity
- (3034) Dividends



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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

**4001.** Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

**4003a.** RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information

**Certification - Reporting Carrier  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
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**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Moss Adams, LLP</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	<u>Moss Adams, LLP</u>
Name of Reporting Carrier:	<u>MOAPA VALLEY TEL CO.</u>
Signature of Authorized Officer:	<u>CERTIFIED ONLINE</u> Date: <u>06/29/2017</u>
Printed name of Authorized Officer:	<u>Bradley Lyon</u>
Title or position of Authorized Officer:	<u>President</u>
Telephone number of Authorized Officer:	<u>7023972117 ext.</u>
Study Area Code of Reporting Carrier:	<u>552353</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	<u>MOAPA VALLEY TEL CO.</u>
Name of Authorized Agent Firm:	<u>Moss Adams, LLP</u>
Signature of Authorized Agent or Employee of Agent:	<u>CERTIFIED ONLINE</u> Date: <u>06/29/2017</u>
Name of Authorized Agent Employee:	<u>Anthony Givens</u>
Title or position of Authorized Agent or Employee of Agent	<u>Consulting Staff</u>
Telephone number of Authorized Agent or Employee of Agent:	<u>5097770231 ext.</u>
Study Area Code of Reporting Carrier:	<u>552353</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments

<b>(700) Price Offerings including Voice Rate Data</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	552353
<015>	Study Area Name	MOAPA VALLEY TEL CO.
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Larry Neil
<035>	Contact Telephone Number - Number of person identified in data line <030>	7023972231 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvmtel.com

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	13.35

<703>

[illegible]

<b>(710) Broadband Price Offerings</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<015>	Study Area Name	MOAPA VALLEY TEL CO.
-------	-----------------	----------------------

<030>	Contact Name - Person USAC should contact regarding this data	Larry Neil
-------	---	------------

<039>	Contact Email Address - Email Address of person identified in data line <030>	larry@mvtel.com
-------	---	-----------------

<711>	<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
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[illegible]

## **LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE**

Moapa Valley Telephone Company (“the Company”) complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Company operates are outlined in its local exchange services tariff, which is approved by the Public Utilities Commission of Nevada (“Nevada PUC”). The tariff contains provisions regarding the Company’s customer service and protection practices.

Service quality standards for voice service are established by the Nevada PUC. The Company consistently meets or exceeds those standards and provides reports to the Nevada PUC, in accordance with the Nevada PUC’s rules.

With regard to broadband service, the Company provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a “best effort” service and are dependent upon a number of variables, many of which are outside the control of the Company. The Company also complies with the FCC’s Open Internet rules, 47 C.F.R. §§8.3-8.11. These rules prohibit blocking, throttling, and paid prioritization, and also require the Company to publicly disclose information regarding its network management practices, performance, and the commercial terms of its broadband services.

The Company complies with any and all consumer protection obligations under state law.

The Company also complies with the following consumer best practices: (1) the Company discloses its rates and terms of service to customers; (2) the Company provides specific disclosures in its advertising; (3) the Company separately identifies carrier charges from taxes on its billing statements; (4) the Company provides ready access to customer service; (5) the Company promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Company abides by policies for protection of consumer privacy.

In particular, the Company has a policy and established operating procedures that comply with the FCC’s Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011).

An explanation of the Company’s CPNI practices can be found in the Company’s annually published phone book and FAQ’s, as well as other consumer protection information can be found at <http://www.mvtel.com/faq.html>.

## **LINE 610 - FUNCTIONALITY IN EMERGENCY SITUATIONS**

Moapa Telephone Company ("the Company") is able to remain functional in emergency situations for both voice and broadband service. The Company has a reasonable amount of backup power to ensure functionality without an external power source. Backup power is provided to the Company's central offices by use of a generator and batteries that provide it with eight hours of emergency power that is also used to provide service to the broadband network. In addition, the Company's field electronics have eight hours of backup power by use of generators and batteries. The Company has deployed Fiber to the Home and its Optical Network Terminals at subscriber premises are equipped with batteries that provide eight hours of emergency power.

The Company has Synchronous Optical Network (SONET) and ERPS technology deployed in its core fiber optic network that is self-healing and will automatically reroute traffic should a fiber cut occur. The Company has sufficient spare cards for its fiber optic network to provide almost instantaneous replacement should there ever be a card failure in the core network. The Company has proper staff in place to repair any fiber cuts in a timely manner. The Company has connectivity with neighboring telephone exchanges as well as the LATA tandem to provide diverse options to reroute traffic should an emergency arise. In addition, the Company has Emergency Stand Alone technology deployed in its network to provide for call completion should a fiber cut occur at remote locations to help insure call completion.

The Company has developed and trained its staff on network preparedness plans in case of emergency situations. The Company is prepared and capable of managing traffic spikes resulting from emergency situations and has sufficient switching capabilities to handle such situations.

## **LINE 920 – TRIBAL GOVERNMENT ENGAGEMENT OBLIGATION**

Moapa Valley Telephone Company (“the Company”) serves on tribal lands of the Moapa Band of Paiutes (“the Tribe”). During 2016, the Company met with tribal government officials to discuss the Tribe’s telecommunications needs. Among other things, these discussions included the following topics:

- Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- Feasibility and sustainability planning.
- Marketing services in a culturally sensitive manner.
- Compliance with right of way processes.
- Compliance with land use permitting requirements.
- Compliance with facilities siting rules.
- Compliance with environmental review processes.
- Compliance with cultural preservation review processes.
- Compliance with the Tribe’s business and licensing requirements.

The Company is proud of its relationship with the Tribe and works hard to help the Tribe prosper and improve the quality of life of its members.

## **LINE 1010 – VOICE SERVICES RATE COMPARABILITY**

The Wireline Competition Bureau's 2017 reasonable comparability benchmark for voice services is \$49.51, which includes the federal subscriber line charge ("SLC").<sup>1</sup>

In all of the exchanges served by Moapa Valley Telephone Company ("the Company"), the single line residential local rate in effect as of January 1, 2017 was \$13.35. When the federal SLC (\$6.50) is included, the rate was \$19.85. Therefore, the Company's pricing of fixed voice services is less than the reasonable comparability benchmark of \$49.51.

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<sup>1</sup> *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, Public Notice, WC Docket No. 10-90, 32 FCC Rcd 1358 (2017).

## **LINE 1030 – BROADBAND SERVICES RATE COMPARABILITY**

As of January 1, 2017, Moapa Telephone Company was charging a residential rate of \$67.95 for broadband providing 10 Mbps download, 1 Mbps upload, and an unlimited usage allowance. This rate is lower than \$77.98, which is the 2017 reasonable comparability benchmark for the same offering established by the Wireline Competition Bureau.<sup>1</sup>

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<sup>1</sup> *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, Public Notice, WC Docket No. 10-90, 32 FCC Rcd 1358 (2017).

## **LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS**

Residential customers of Moapa Valley Telephone Company (“the Company”) residing on non-Tribal lands who qualify for the Lifeline Program receive a discount of \$12.75 on local voice telephony service (\$9.25 federal discount + \$3.50 state discount). Residential Lifeline customers of the Company residing on Tribal lands receive a discount of up to \$34.25 on local voice telephony service (\$9.25 federal discount + up to an additional \$25.00 federal discount). The Tribal Lifeline credit cannot exceed the total of the subscriber residential local exchange rate, including the federal SLC.

Throughout the Company’s study area, the Lifeline single-line residential rate for non-Tribal customers, including the federal subscriber line charge (“SLC”), is \$7.10 (\$19.85 standard rate - \$12.75 discount).

The Lifeline single-line residential rate for customers residing on Tribal lands, including the federal SLC, is \$0 (\$19.85 standard rate - \$19.85 discount).

All single-line residential customers, including Lifeline customers, have an unlimited number of minutes for calls made within their local calling area.

For calls outside of the local calling area, Lifeline customers may subscribe to long distance service offered by the Company at a non-discounted rate of \$.10/minute. Lifeline subscribers may also choose another long distance carrier. Customers may elect to subscribe to toll blocking at no charge.

The Company does not disconnect the service of Lifeline subscribers for the non-payment of toll charges. However, the Company reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills.

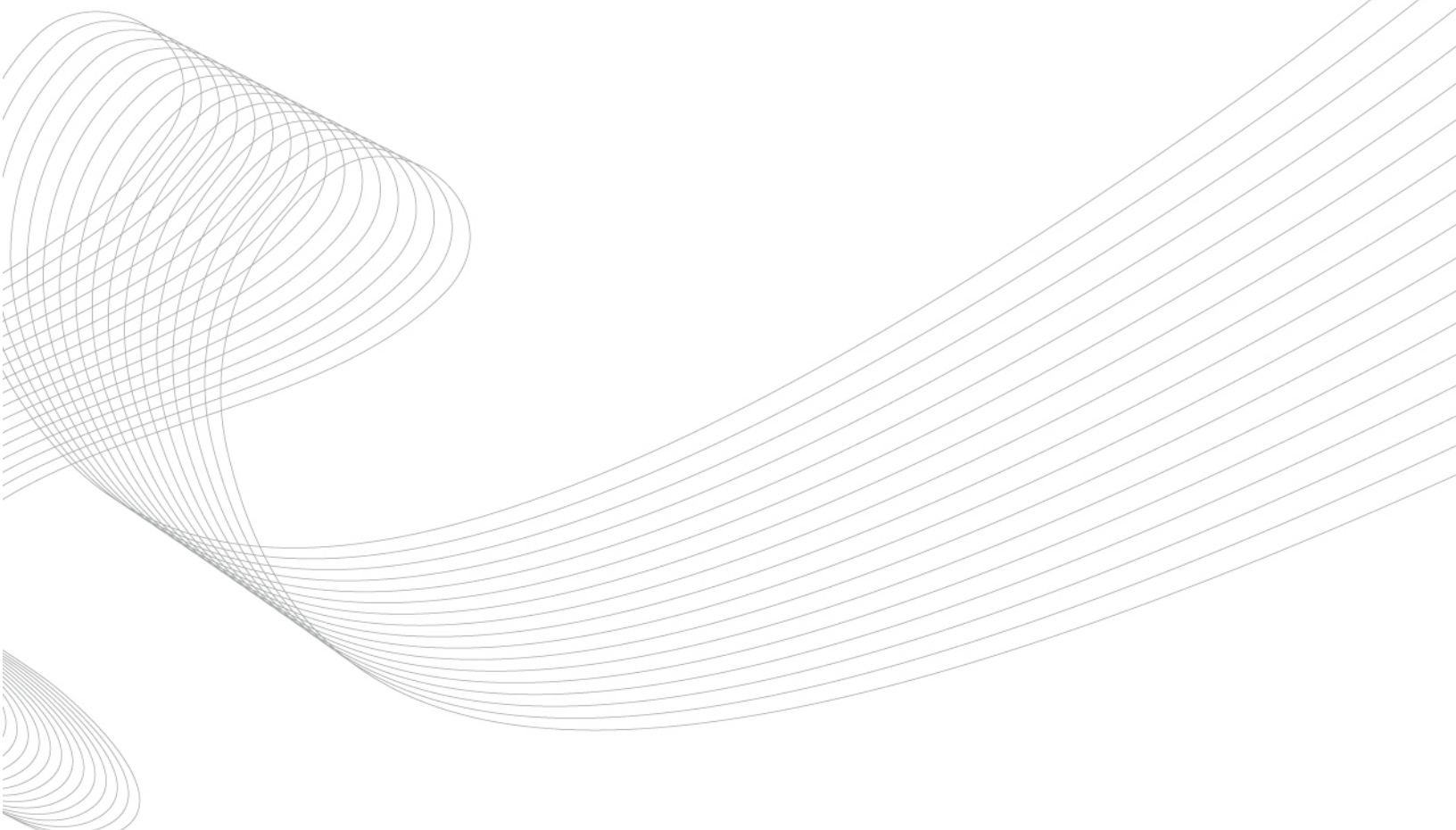
Lifeline Program reductions do not apply to additional services such as custom calling features. Lifeline customers may subscribe to these services, where available, at the same rates offered to other customers.

Lifeline customers may subscribe to any residential voice telephony service package that is generally available to the public and will receive the applicable Lifeline discount off the regular price of the package.

The Company provides additional information regarding the Lifeline program in its annually published phone book.

**LINE 3010 – CERTIFICATION OF PUBLIC INTEREST OBLIGATIONS**

Moapa Telephone Company (“the Company”) hereby certifies that the Company has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, and that requests for such service were met within a reasonable amount of time.



Report of Independent Auditors  
and Financial Statements

**Moapa Valley Telephone Company**

December 31, 2016 and 2015

**MOSS-ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

## CONTENTS

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Statement of changes in stockholder's equity	8
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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
Moapa Valley Telephone Company

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Moapa Valley Telephone Company (the Company), which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of income, comprehensive income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Moapa Valley Telephone Company as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Moss Adams LLP*

Stockton, California

April 26, 2017

**FINANCIAL STATEMENTS**

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# MOAPA VALLEY TELEPHONE COMPANY

## BALANCE SHEETS

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### ASSETS

	DECEMBER 31,	
	2016	2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Certificate of deposit		
Subscriber accounts receivable		
Settlement and access accounts receivables		
Other accounts receivable		
Materials and supplies		
Prepaid expenses and other		
Total current assets		
<b>NONCURRENT ASSETS</b>		
Marketable securities		
Total noncurrent assets		
<b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Regulated telecommunications plant in service		
Regulated telecommunications plant under construction		
Nonregulated plant in service		
Less accumulated depreciation and amortization		
Net property, plant, and equipment		

# MOAPA VALLEY TELEPHONE COMPANY

## BALANCE SHEETS

### LIABILITIES AND STOCKHOLDER'S EQUITY

	DECEMBER 31,	
	2016	2015
CURRENT LIABILITIES		
Accounts payable		
Customer deposits		
Accrued liabilities		
Accrued employee absences		
Total current liabilities		
STOCKHOLDER'S EQUITY		
Common stock, authorized [REDACTED] shares,		
[REDACTED] par value:		
Issued and outstanding, [REDACTED] shares		
Contributed capital		
Accumulated other comprehensive income		
Retained earnings		
Total stockholder's equity		

# MOAPA VALLEY TELEPHONE COMPANY

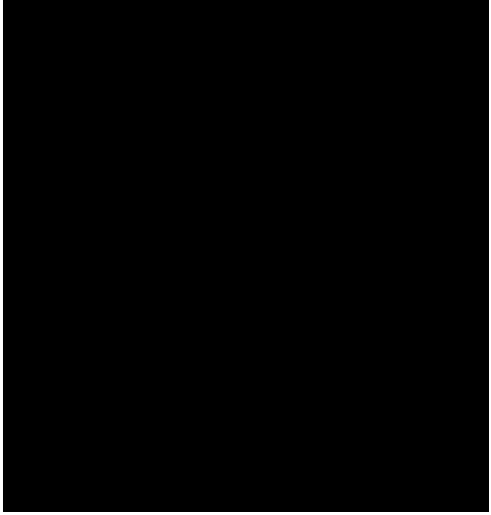
## STATEMENTS OF INCOME

---

	YEARS ENDED DECEMBER 31,	
	2016	2015
OPERATING REVENUES		
Local network services		
Interstate access services		
Intrastate access services		
Universal service support		
Internet services		
Long distance services		
Miscellaneous		
Total operating revenues		
OPERATING EXPENSES		
Plant specific operations		
Plant nonspecific operations		
Customer operations		
Corporate operations		
Depreciation		
Internet operations		
Long distance operations		
Property and other taxes		
Other expenses		
Total operating expenses		
OPERATING INCOME (LOSS)		
OTHER INCOME AND (EXPENSES)		
Interest and dividend income		
Pension expense credit		
Gain (loss) on sale of marketable securities		
Other expense		
Total other income		
NET INCOME		

**MOAPA VALLEY TELEPHONE COMPANY**  
**STATEMENTS OF COMPREHENSIVE INCOME**

---

	YEARS ENDED DECEMBER 31,	
	2016	2015
NET INCOME		
Other comprehensive income (loss):		
Unrealized holding gains during the year		
Reclassification adjustment for (gains) losses included in net income		
Other comprehensive income (loss)		
COMPREHENSIVE INCOME		

**MOAPA VALLEY TELEPHONE COMPANY**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**

---

	<u>Common Stock</u>	<u>Contributed Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Retained Earnings</u>	<u>Total</u>
BALANCE – December 31, 2014					
Net income					
Unrealized loss on securities available for sale					
Dividends on common stock					
BALANCE – December 31, 2015					
Net income					
Unrealized gain on securities available for sale					
Dividends on common stock					
BALANCE – December 31, 2016					

**STATEMENTS OF CASH FLOWS**

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# MOAPA VALLEY TELEPHONE COMPANY

## STATEMENTS OF CASH FLOWS

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	YEARS ENDED DECEMBER 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and settlements		
Cash paid to vendors, suppliers, and employees		
Interest and dividends received		
Interest paid		
Net cash from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction and acquisition of plant		
Salvage, net of cost of removal		
Purchase of marketable securities		
Sale of marketable securities		
Net cash from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid		
Net cash from financing activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, beginning of year		
CASH AND CASH EQUIVALENTS, end of year		

**MOAPA VALLEY TELEPHONE COMPANY**  
**STATEMENTS OF CASH FLOWS**

---

	YEARS ENDED DECEMBER 31,	
	2016	2015
RECONCILIATION OF NET INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
NET INCOME		
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization		
(Gain) loss on sale of marketable securities		
Pension expense credit		
Increase (decrease) in cash due to changes in assets and liabilities:		
Accounts receivable		
Materials and supplies		
Prepaid expenses and other		
Accounts payable		
Accrued liabilities, employee absences, and customer deposits		
Total adjustments		
NET CASH FROM OPERATING ACTIVITIES		

## MOAPA VALLEY TELEPHONE COMPANY

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Description of operations** – Moapa Valley Telephone Company (the Company) is a wholly-owned subsidiary of Moapa Valley Telecommunications, Inc. (the Parent). The Company provides communications services in its franchised territory of Clark County, Nevada, and is subject to the Rules and Regulations of the Public Utilities Commission of Nevada (the Commission) and the Federal Communications Commission (the FCC).

**Accounting policies** – The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to regulated public utilities. The accounting records of the Company are maintained in accordance with the uniform system of accounts prescribed by the FCC and adopted by the Commission. Such accounting principles are consistent in all material respects with accounting prescribed by the FCC.

**Accounting estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include depreciation expense and interstate access revenue settlements.

**Cash and cash equivalents** – For purposes of the statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**Accounts receivable** – Accounts receivable are stated at the amount management expects to collect on outstanding balances. The Company reviews the collectability of accounts receivable annually based on an analysis of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers and other exchange carriers are due 30 – 60 days after issuance of the customer bill. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Due to the immaterial nature of the Company's uncollectible accounts, an allowance for uncollectible accounts is not deemed necessary and the result of this method does not materially differ from accounting principles generally accepted in the United States of America.

**Materials and supplies** – Materials and supplies, including nonregulated inventory held for resale consist of construction materials and other equipment, and are valued at the lower of cost or market. Cost is determined by the average cost method.

**Prepaid expenses and other** – Prepaid expenses and other consist of expenses for future periods that were paid prior to December 31, 2016. Included in prepaid expenses and other is a pension expense credit caused by the overpayments related to one employee's account. The credit is calculated by the pension provider upon retirement. See Note 4 for additional information.

## MOAPA VALLEY TELEPHONE COMPANY

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Marketable securities** – Marketable securities are classified as “held-to-maturity” or “available-for-sale.” Investments classified as held-to-maturity are those the Company has the ability and intent to hold until maturity and are reported at cost, which approximates amortized cost. Investments in debt securities are classified as held-to-maturity, and have scheduled maturities from one to five years. Investments in corporate stocks are classified as available-for-sale and are reported at fair value, with unrealized gains and losses reported as a separate component of comprehensive income and included in stockholder’s equity until realized. Fair values are determined based on quoted market prices for similar securities.

**Property, plant, and equipment** – Property, plant, and equipment are stated at original cost. Regulated plant includes assets that are jointly used for regulated and nonregulated activities. The costs of additions and substantial betterments of property, plant, and equipment are capitalized. The cost of maintenance and repairs is charged to operating expenses.

Regulated property, plant, and equipment is depreciated using straight-line methods in accordance with rates as prescribed by regulators. In accordance with composite group depreciation methodology, when a portion of the Company’s depreciable property, plant, and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation.

Nonregulated property, plant, and equipment is depreciated by the straight-line method over the estimated useful lives of the assets, which is five years.

**Comprehensive income** – Comprehensive income is defined as the change in equity of a business during a period as a result of net income and other gains and losses affecting equity that, under accounting principles generally accepted in the United States of America, are excluded from net income. Unrealized gains and losses on investments available for sale is the only item included in other comprehensive income.

**Revenue recognition** – Monthly service plan revenues derived from local service and Internet are billed one month in advance, but recognized in the month that service is provided. Usage sensitive revenues such as access (revenues earned from originating/terminating long distance calls) are generally billed as a per minute charge. Although these revenues are billed in arrears, they are recognized in the month the service is provided.

Interstate access revenues also include settlements based on the Company’s participation in the revenue pools administered by the National Exchange Carrier Association (NECA). Settlement revenues are determined by annually prepared separations and interstate access cost studies. These studies are prepared subsequent to year end and, therefore, the related revenues are recorded on the books based on an estimate of the Company’s costs, NECA pool earnings, and other assumptions related to information utilized in the preparation of the Company’s cost study. The studies are subject to a 24-month pool adjustment period and a final review and acceptance by NECA. There was a decrease in revenue of [REDACTED] in 2016 and an increase in revenue of [REDACTED] in 2015 for adjustments related to prior year differences between recorded estimates and actual revenues. Management does not anticipate that 2016 and 2015 recorded revenues will require significant adjustments in future years.

## MOAPA VALLEY TELEPHONE COMPANY

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Revenue recognition (continued)** – Internet revenues are derived from the provision of customer access to the public internet, excluding revenues attributable to digital subscriber line (DSL) transport (line costs between the customer and the Company's equipment that routes internet traffic). Interstate access revenues include settlements from NECA that compensate the Company for DSL transport related to the provision of internet services.

The Company's wireline universal service support revenue is intended to compensate the Company for the high cost of providing rural telephone service. Universal service support revenues include funds received for interstate common line support (ICLS), Connect America Fund (CAF), and other miscellaneous programs. ICLS is based on the Company's relative level of operating expense and plant investments. Support from the CAF is based on a historical frozen amount related to 2011 investments and expenses associated with the switching function and certain 2011 intrastate access revenues, which together make up the CAF base. The CAF base will be reduced by 5% each year in determining CAF support.

Other sources of revenues are not rate regulated and include Internet, long distance, billing and collection services, rents, directory, equipment sales, and other incidental services.

Operating expenses and property, plant, and equipment are related primarily to regulated revenues. However, some of these costs jointly relate to regulated and nonregulated services. For settlement, universal service support, rate case, and other regulatory purposes, the portion of these costs related to nonregulated activities are removed from these accounts in accordance with Part 64 of the FCC rules in order to ensure that regulated revenues are based on costs of providing regulated services.

**Regulation** – The Company's services are subject to rate regulation as follows:

- Local telephone and intrastate access revenues are regulated by the Public Utility Commission of Nevada. The FCC also has assumed preemptive authority to regulate intrastate telecommunications services, including intrastate access rates.
- Interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.
- Federal universal service support revenues are administered by the Universal Service Administrative Company (USAC) based on rules established by the FCC.

## MOAPA VALLEY TELEPHONE COMPANY

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Regulation (continued)** – The FCC released an Order and Further Notice of Proposed Rulemaking (FNPRM) in 2016 that reforms the High Cost Program supporting rate-of-return carriers. The FCC has also created a mechanism to ensure the \$2 billion budget for Universal Service Support is not exceeded. The following changes have been implemented to modernize the program:

- Provides support for stand-alone broadband;
- Requires broadband deployment based on the number of locations lacking service and the cost of providing service;
- Requires allowances for capital investments and limits on operational expenses; and
- Phases out support for areas served by a qualifying competitor.

The FNPRM also created two paths to a Connect America Fund for rate of return carriers. The legacy mechanism reforms the existing ICLS mechanism to support stand-alone broadband. The model based option is voluntary and is a fixed amount of support for ten years. The model based support mechanism includes build-out milestones that must be met beginning in 2021. In the event the Company does not meet the milestones a portion of the support received will be paid back to the Universal Service Fund. The Company is expected to receive support under the model based option in future years.

Pending and future regulatory actions may have a significant impact on the Company's future operations and financial condition.

**Income taxes** – The stockholder of the Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Therefore, all earnings and losses of the Company are included on the individual tax returns of the stockholder. Accordingly, no provision has been made for federal and state income taxes.

The Company accounts for uncertain tax positions whereby the effect of the uncertainty would be recorded if the likelihood of the position would be sustained upon examination is less than 50%. As of December 31, 2016 and 2015, the Company had no accrued amounts related to uncertain tax positions. Interest and penalties, if any, are recorded as interest expense and other expense, respectively.

**Taxes imposed by governmental authorities** – The Company's customers are subject to taxes assessed by various governmental authorities on many different types of revenue transactions with the Company. These specific taxes are charged to and collected from the Company's customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis and excluded from revenues.

**Concentrations of risk** – At various times throughout the year, the cash balances with local institutions exceeded federally insured limits. A possible loss exists for those amounts in excess of \$250,000.

In 2016, the Company received [REDACTED] or [REDACTED], of its operating revenue and [REDACTED] or [REDACTED], of its 2015 operating revenue from the Universal Service Fund.

## MOAPA VALLEY TELEPHONE COMPANY

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fair value measurements** – The Company recognizes financial assets and financial liabilities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three levels of inputs that may be used to measure fair value:

**Level 1** – Quoted prices in active markets for identical assets or liabilities;

**Level 2** – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company has marketable securities that were measured at fair value for the years ended December 31, 2016 and 2015.

**Subsequent events** – Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued.

The Company has evaluated subsequent events through April 26, 2017, which is the date the financial statements were available to be issued.

**Reclassifications** – For comparability, certain amounts reported in 2015 have been reclassified in order to conform to the 2016 presentation. These reclassifications had no effect on the prior year's net income or stockholder's equity as previously reported.

**MOAPA VALLEY TELEPHONE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – MARKETABLE SECURITIES**

Marketable securities consists of funds with investment services groups that represent various investment strategies including corporate stocks and municipal bonds.

Proceeds realized from the sale of available-for-sale securities were [REDACTED] and [REDACTED] for the years ended December 31, 2016 and 2015, respectively. Gross realized gains and (losses) included in income were [REDACTED] and [REDACTED] for the year ended December 31, 2016, and [REDACTED] and [REDACTED] for the year ended December 31, 2015.

For purposes of determining realized gains and losses, the cost of securities sold is based on specific identification.

Marketable securities as of December 31 are as follows:

	<u>Cost</u>	<u>Unrealized Holding</u>	<u>Fair</u>
		<u>Gains</u>	<u>Value</u>
<u>2016</u>		<u>(Losses)</u>	
Corporate stocks			
Municipal bond funds			
Total			
marketable securities			
<u>2015</u>			
Corporate stocks			
Municipal bond funds			
Total			
marketable securities			

Marketable securities are reported in the accompanying balance sheets as follow:

	<u>2016</u>	<u>2015</u>
Marketable securities, at cost		
Marketable securities, at fair value		
Total marketable securities		

# MOAPA VALLEY TELEPHONE COMPANY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – MARKETABLE SECURITIES (CONTINUED)

The following is a summary of maturities of securities held-to-maturity and available-for-sale as of December 31, 2016:

	<u>Held-to-maturity</u>	
	<u>Amortized cost</u>	<u>Fair value</u>
Amounts maturing in:		
One year or less		
After one year through five years		
After five year through ten years		
After ten years		

The Company's available-for-sale equity securities are measured at fair value on a recurring basis at December 31, 2016. The following table presents the fair value measurements of equity securities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2016:

	<u>Fair Value Measurements Using</u>		
	<u>Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
	<u>Fair Value</u>		
Corporate stocks			

**MOAPA VALLEY TELEPHONE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment consist of the following as of December 31:

	Depreciable			
	Life in	Plant	Accumulated	2016 Net
	Years	Account	Depreciation	Balance
				2015 Net
				Balance
Regulated plant in service:				
Land				
Leasehold improvements				
General support				
Central office				
Cable and wire facilities				
Regulated plant under construction				
Nonregulated plant in service				

**NOTE 4 – RETIREMENT AND SECURITY PROGRAM**

Pension benefits for substantially all employees of the Company are provided through the National Telephone Cooperative Association (NTCA) Retirement and Security Program and Savings Program (the Plans). The Retirement and Security Program is a defined benefit pension plan and the Savings Program is a defined contribution plan. The Plans are exempt from federal income taxes under the Internal Revenue Code. Quarterly contributions are made to the Retirement and Security Program and annual contributions to the Savings Program equal to the amounts accrued for pension expense. The Retirement and Security Program is a master multi-employer plan, which is available to all members of NTCA. The accumulated benefits and plan assets are not determined or allocated separately by individual employer.

The Company contributed [REDACTED] for 2016 and [REDACTED] for 2015. These contributions included employer surcharges totaling [REDACTED] for 2016 and [REDACTED] for 2015.

The Company also participates in the NTCA Retirement and Security Program [Section 401(k)], wherein employees are allowed to make salary reduction contributions. The Company contributed [REDACTED] of eligible payroll, which amounted to [REDACTED] for 2016 and [REDACTED] for 2015.

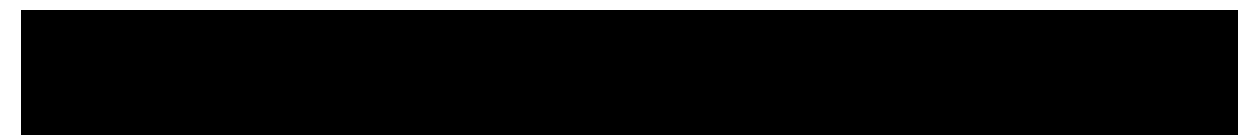
## MOAPA VALLEY TELEPHONE COMPANY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 4 – RETIREMENT AND SECURITY PROGRAM (CONTINUED)

The pension plan name is *Retirement & Security Program for Employees of the National Telecommunications Cooperative Association and Its Member Systems*. The Plan Employer Identification Number is [REDACTED]. The information provided below is from the Plan's most recent Form 5500 filing, which covers the Plan years 2015 and 2014. At the date the financial statements were issued, Form 5500 was not available for the year ending 2016.

Pension Protection Act Zone Status		Company Contributions Greater than 5% of Total Plan Contributions	Funding Improvement/ Rehabilitation Plan in Place	Surcharges Imposed	Expiration Date of Collective- Bargaining Agreements	Minimum Contributions Required in the Future
2015	2014					



The risks of participating in multiemployer plans are different from single employer plans as follows: (1) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (2) if a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the remaining participating employers, and (3) if the Company chooses to stop participating in a Plan, the Company may be required to pay a penalty.

NTCA recently implemented changes to the Retirement & Security Program that will be implemented in phases beginning in 2017. The most significant changes are increases in the contribution rates beginning in 2017, a new surcharge will begin in 2018, and companies have a one-time option until September 2017 to prefund its surcharge. As incentive for prefunding its obligation, NTCA will waive the variable rate premium the Company pays and returns on assets contributed may be used to offset future costs.

During 2016, the Company received a credit of [REDACTED] from NTCA in relation to the overfunding of an employee's Retirement & Security Program for multiple prior periods due to limitations of Section 415 of the Internal Revenue Code for defined benefit plans. The credit will be applied to future NTCA Retirement and Security Program contributions for 2017.

#### NOTE 5 – RELATED PARTY TRANSACTIONS

During 2014, the Company moved into a new office building, which it rents from the Parent. Rent is due on the first day of each month beginning on September 1, 2014 and continuing thereafter as a month-to-month tenancy until either the Company or the Parent terminates the lease by giving 30 days written notice. Rent payments are [REDACTED] per month. Total rent expense was [REDACTED] for each of the years ended December 31, 2016 and 2015. As of December 31, 2016 and 2015, the Company has no affiliate payables owed to the Parent.